

STEPHEN MAYNE



## Power to the shareholders

**STANDING UP** at AGMs and criticising company directors has its limitations. You are only offering words which can be easily fobbed off with an answer like "we'll take that into consideration."

And often you find yourself criticising a company for circumstances that are out of their control. The GST, the Olympics and the housing slowdown hit the profits and share prices of numerous companies in the first half of 2000-01 but how can you blame individual CEOs or directors for that?

This is partly why long-serving community worker Vern Hughes and I have founded a new political party called People Power. It aims to be a change agent for shareholders as a collective group, focusing on ethical issues and the macro environment for business to complement micro campaigns that will be run against individual companies on accountability and corporate governance issues.

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But People Power will not be confined to politics as we'll also be standing candidates for corporate boards, mutuals and even unions and sporting clubs when we identify incumbents that should be voted out due to poor performance.

So we will still go around to individual AGMs and complain about lack of disclosure, selective briefings of analysts, superannuation for directors, auditor conflicts and excessive political donations but at the same time tackle these issues at the political level to try and get some legislative and regulatory reform.

Come the next federal election, People Power will be standing candidates in every senate election and numerous strategic lower house seats on a platform that is unquestionably pro-shareholder and in stark contrast to the economic policies being offered by the other marginal parties in the Greens, Democrats and One Nation.

Australia's 7.6 million direct and indirect shareholders are a huge and largely unrepresented constituency in the political debate.

The Labor Party is making some encouraging noises on

corporate governance reform but as long as they remain captured by organised labour they will never be able to implement policies that boost profits and economic growth. Labor will be okay for the ethics and accountability side of the equation but will fall short on the wealth creation side.

In theory, the opposite applies to the Coalition as they largely represent business and are too focused on profit with limited concern for ethics, sustainability and accountability. I say 'in theory' because there are strong arguments that the Howard Government's policies have failed to add much to corporate profits and will be viewed by history in the same disappointing light as the Fraser government.

And the ethics question remains. The recently defeated Liberal government in Western Australia was a classic example of crony capitalism where they failed to act decisively on the \$200 million finance brokers scandal because of the links key Liberal party figures had with the industry. They deserved to be voted out of office.

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For instance, if the Federal government wants to toughen up corporate laws to punish poorly performing directors, it does not help when the Prime Minister's brother, Stan Howard, is one of the poorer-performing professional directors in Australia, with his copybook blotted by stints as chairman of GIO, Arthur Yates and National Textiles.

Making money ethically will be the catchcry of People Power candidates at the federal election. No one will be beating up harder on the banking cartel, poorly performing directors, abusers of market power like Westfield and monopolists like the ASX. But the policy platform would also be good profits and growth overall with elements such as labour market deregulation, more immigration, reduced company and personal tax rates and a significant cut in the size of government.

We hope it will be a potent mix. ♣

*Stephen Mayne is editor of [www.crikey.com.au](http://www.crikey.com.au) and co-founder of the recently established political party 'People Power'. For more information see [www.peoplepower.org.au](http://www.peoplepower.org.au)*